Weekly Economic Review

Broad improvement in labour market

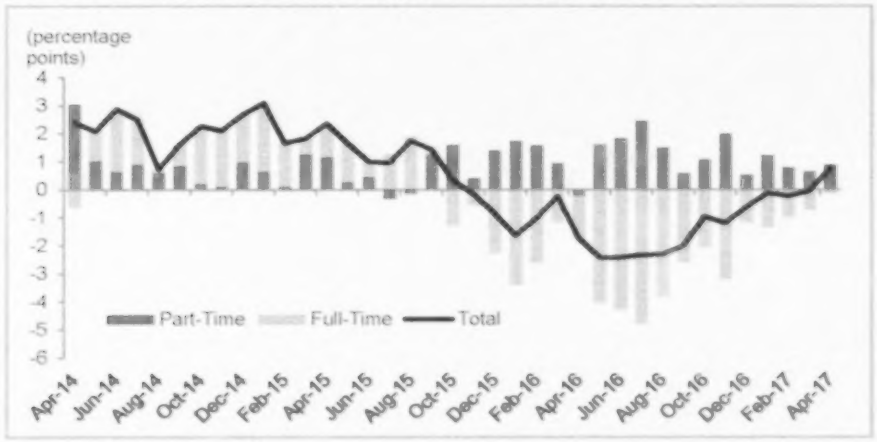
Labour Market

Employment holding steady

Employment in April was essentially unchanged, holding on to the solid gains from March. Albertans slowly continued to switch from part-time to full-time work. Over the past three months, full-time employment increased by almost 43,000. This was partially offset by 21,500 fewer part-time jobs over the same period. The unemployment rate retreated back below 8.0% to the lowest level since June 2016, when the unemployment rate was also 7.9%. April was the first month since October 2015 that posted positive year-over-year (y/y) increases in employment, up 0.8% (Chart 1).

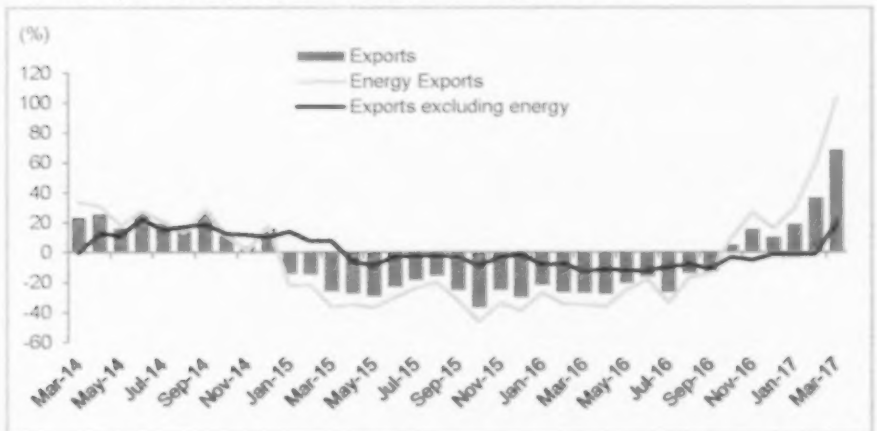
Nationally, employment increased for the fifth month in a row, led by gains in BC. The unemployment rate fell to 6.5%, the lowest rate in almost a decade.

Chart 1: First year-over-year employment gains since October 2015
Contribution to year-over-year change in Alberta employment



Source: Statistics Canada

Chart 2: Energy and non-energy exports surge
Year-over-year change in Alberta merchandise exports



Source: Statistics Canada

Merchandise Trade

Widespread export growth

The value of Alberta's exports surged in March to reach pre-recession levels. Exports climbed 20% month-over-month (m/m), and 68% y/y (Chart 2), to $9.6 billion, the highest level since December 2014. Energy exports drove the increase, climbing 103% y/y to $6.8 billion. Non-energy exports also rose sharply. With strong growth across all sub-categories except metal ores and non-metallic menerals (-54% y/y), non-energy exports climbed 20% y/y to $2.8 billion in March, the highest mark in almost nine years. March was the first time both energy and non-energy exports had grown year-over-year since December 2014.

Supply and Disposition of Oil

Non-conventional production rises

Oil production in Alberta continued to climb in February. There were 3.3 million barrels of oil per day (MMbpd) produced, up 1.4% from January and 10.3% from February 2016. Production gains continue to be driven by non-conventional oil, which rose 13% y/y to 2.8 MMbpd as both synthetic crude (+7.0% y/y) and bitumen (+17% y/y) posted gains. The rise in bitumen production was the largest since the start of 2016. Conventional oil production rose for the fourth

consecutive month, growing 1.5% m/m, but remained 1.1% lower compared to last year.

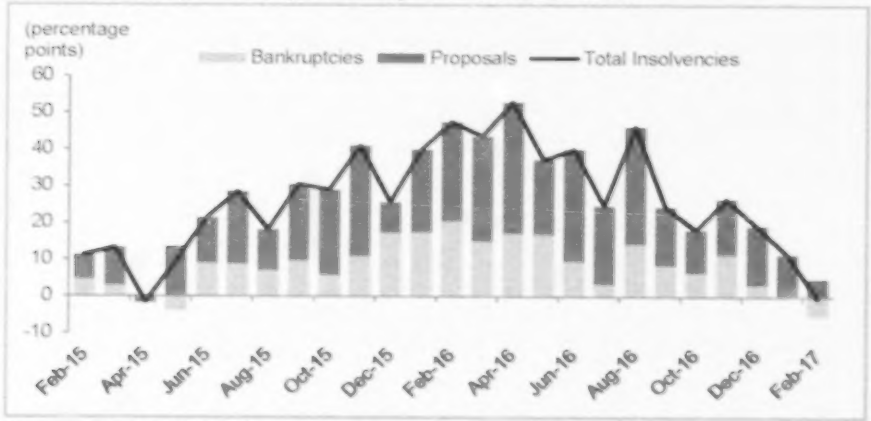
Consumer Bankruptcies

Insolvencies beginning to fall

Alberta bankruptcies declined year-over-year for the first time in 21 months in February. On an unadjusted basis 426 Albertans filed for bankruptcies in February, 12% fewer than the same month last year. The drop in bankruptcies was enough to offset an increasing number of consumer proposals (+8.6% y/y), resulting in a 0.5% y/y decline in total consumer insolvencies, the first since April 2015 (Chart 3). Despite the decline, insolvencies remain elevated. The 1,081 insolvencies in February were 30% above the long-term average in the province but below the previous recession peak of 1,400 in September 2009.

Chart 3: Bankruptcies lead insolvencies lower

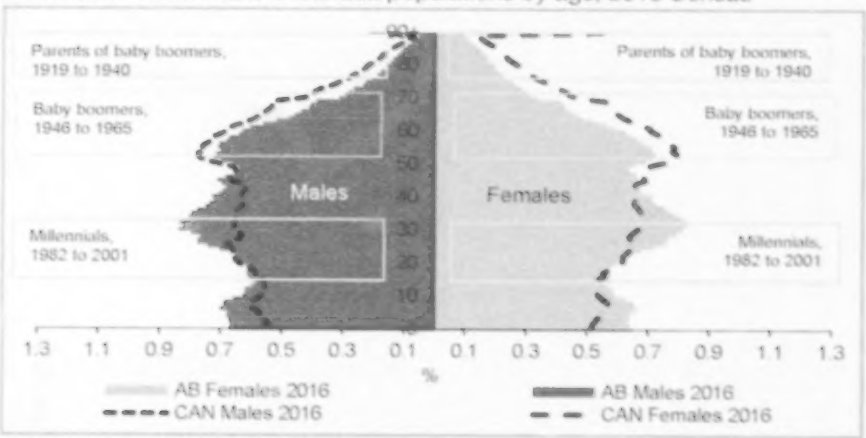
Contribution to year-over-year change in Alberta insolvencies



Source: Industry Canada

Chart 4: Alberta remains youngest province in the country

Distribution of Alberta and Canada populations by age, 2016 Census



Source: Statistics Canada

Population

Province preserves youthfulness

Despite an aging population, Alberta remained the youngest province in the country in 2016. The province's median age increased from 36.5 to 36.7 years over the 2011 to 2016 period, but Alberta's attractiveness to migrants and a birth rate slightly higher than national average preserved the province's relative youth. Helped by strong migration over the five-year period, Alberta had over 210,000 more millennials than baby boomers in 2016, bucking the national trend (Chart 4). Compared to the other provinces, Alberta had the smallest proportion of seniors (12.3%) and the highest share in the working ages of 15 to 64 years (68.5%). Almost one in five Albertans was under 15 years of age in 2016, and the province registered the fastest growth of preschoolers in the country. As a result, Alberta, at 46 dependents for every 100 people of working age, had the lowest total dependency ratio among the provinces. Alberta remained the only province where males outnumbered females.

GDP by Industry

Weakness spread in 2016

Alberta's economy contracted for the second straight year in 2016, the first time that has occurred since 1982-83. Alberta's real GDP by industry declined 3.8% in 2016 following a 3.7% drop in 2015. While the decline was primarily attributable to contraction in oil and gas engineering construction (-32%) and oil and gas support activities (-32%) the slowdown was broad-based. GDP fell 8.6% in the goods sector and 0.7% in the service sector. Canada's GDP grew 1.3% as B.C. (+3.7%) led all provinces in growth, followed by Ontario (+2.6%), Manitoba (+2.4%) and PEI (+2.4%). Saskatchewan (-1.0%) was the only other province to see GDP decline.

Contact

Wade Tymchak 780.415.0825

Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.